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The DEMAND and PRICE SITUATION

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Approved by the Outlook and Situation Board, August 20, 1958

SUMMARY

Consumer incomes have improved since April and in July exceeded the peak levels reached in the summer of 1957. Although real income per person is still below the peak a year ago, the market for food continues strong. Retail sales of food stores in July were about 5 percent above last year. Prices received by farmers in mid-July, though down about 4 percent below their spring peak, were 3 percent above a year earlier. Market supplies of vegetables and some fruits have substantially improved and prices have declined sharply in recent months. Slaughter of cattle has increased seasonally in recent months and prices of meat animals as a group though off a little from their May high, still average 17 percent above last July. The cost of goods and services purchased by farmers has risen and in mid-July the parity ratio was 83, the same as a year earlier.

The August Crop Report pointed to a new record crop production for 1958. The all-crop production index is now estimated at 113 (1947-49=100), about 7 percent above the record of 106 established in 1948 and equaled in 1956 and 1957. During July growing

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UNITED STATES DEPARTMENT OF AGRICULTURE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1957		1958				
		Year	July	Apr.	May	June	July	
Industrial production: Seasonally adj. <u>1/</u>								
Total	1947-49=100	143	145	126	128	131	133	
All manufactures	do.	145	147	128	130	134	136	
Durable goods	do.	160	162	131	134	139	141	
Nondurable goods	do.	130	131	125	126	129	130	
Minerals	do.	128	128	110	109	112	114	
Construction:								
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	48,492	3,934	3,960	3,929	3,969	4,036	
Public construction	Mil. dol.	14,354	1,123	1,226	1,213	1,226	1,243	
Private residential	Mil. dol.	17,019	1,383	1,350	1,334	1,368	1,420	
Housing starts	Thousands	1,042	1,015	950	1,010	1,090	1,160	
Manufacturers' sales and inventories: <u>2/</u>								
Total sales, seasonally adjusted	Mil. dol.	28,383	29,030	24,945	25,206	25,705		
Durable goods	Mil. dol.	14,159	14,573	11,532	11,643	12,025		
Unfilled orders-sales ratio <u>5/</u>		3.40	3.85	3.82	3.74	3.60		
Inventory-sales ratio <u>6/</u>		1.88	1.86	2.06	2.02	1.96		
Durable goods		2.20	2.17	2.55	2.49	2.38		
Employment and wages: <u>7/</u>								
Total civilian employment	Millions	65.0	67.2	62.9	64.1	65.0	65.2	
Nonagricultural	do.	58.8	59.4	57.3	57.8	58.1	58.5	
Unemployment	do.	2.9	3.0	5.1	4.9	5.4	5.3	
Workweek in manufacturing	Hours	39.8	39.8	38.3	38.6	39.2	39.2	
Hourly earnings in manufacturing	Dollars	2.07	2.07	2.11	2.12	2.12	2.13	
Income and spending:								
Personal income payments <u>2/</u> <u>3/</u>	Bil. dol.	347.9	351.8	348.1	349.9	352.0	358.9	
Consumer credit outstanding <u>1/</u>	Mil. dol.	44,776	42,668	42,665	43,027	43,122		
Automobile	Mil. dol.	15,496	15,329	14,788	14,713	14,691		
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	16,668	17,034	16,512	16,562	16,581	16,573	
Durable goods	Mil. dol.	5,705	5,839	5,163	5,235	5,149	5,150	
Inventory-sales ratio <u>6/</u>		1.47	1.42	1.45	1.44	1.45		
Prices:								
Wholesale prices, all commodities <u>4/</u>	1947-49=100	118	118	119	120	119	119	
Commodities other than farm and food	do.	126	126	126	125	125	126	
Farm products	do.	91	93	98	98	96	95	
Foods processed	do.	106	107	112	113	114	113	
Consumer price index, all items <u>4/</u>	1947-49=100	120	121	124	124	124		
Food	do.	115	117	122	122	122		
Prices received by farmers <u>8/</u>	1910-14=100	242	246	264	264	255	254	
Crops	do.	233	237	252	246	232	228	
Livestock and products	do.	249	254	275	280	275	277	
Prices paid, interest, taxes and wage rates <u>8/</u>	1910-14=100	296	295	306	306	305	305	
Family living items	do.	286	287	293	294	293	293	
Production items	do.	258	257	271	271	270	270	
Parity ratio <u>8/</u>		82	83	86	86	84	83	
Farm income and marketings: <u>8/</u>								
Volume of farm marketings	1947-49=100	116	115	91	96	111	122	
Cash receipts from farm marketings	Mil. dol.	29,757	2,511	2,198	2,286	2,423	2,700	

Annual data for most of these items for the years 1929 and 1939-57 appear on page 35 of the April 1958 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates.
4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Unfilled orders for durables divided by monthly deliveries. 6/ Inventories, book value, end of month, divided by sales. 7/ Bureau of the Census. 8/ U. S. Department of Agriculture, Agricultural Marketing Service.

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 T H E D E M A N D A N D P R I C E S I T U A T I O N
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Approved by the Outlook and Situation Board, August 20, 1958

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conditions pointed to major gains in output of corn, oats, barley, spring wheat, flaxseed, and dry beans, and smaller gains were indicated for winter wheat, hay, rice and tobacco. Wheat production is now estimated at a new high of more than 1.4 billion bushels and the corn crop of almost 3.5 billion bushels is the second highest of record. Feed grain production for 1958 is likely to exceed the record 1957 crop. Hay production may be a little below last year's record but the pasture condition on August 1 was the best since 1915. A record output of soybeans is indicated as well as a sizable increase in cottonseed. Production of peaches is up sharply, and vegetables and potatoes are estimated to be well above 1957.

Hog slaughter is expected to be about the same this fall as last and the total for the year is likely to be slightly less than 1957. Although market supplies of fed cattle this fall may be above last year, beef slaughter this year is not likely to show an increase over 1957. Egg production in July exceeded a year earlier and with a prospective increase in the laying flock, production is likely to exceed year earlier levels for the remainder of 1958. Milk production, although currently less than a year earlier, may approximate the 1957 record production.

Farmers' cash receipts through July were running 11 percent above last year. Prices were up 7 percent and the volume of marketings was 4 percent larger. Receipts from livestock and products were up 11 percent and those from crops 12 percent.

: The next issue of The Demand and Price :
 : Situation is scheduled for release on :
 : September 25, 1958. :

With the decline in prices from this spring's high, cash receipts in July were above 1957 by a smaller margin than earlier in the year. Receipts from livestock and products were about 6 percent higher and crops were up 9 percent, while combined receipts in July totaled 7 percent.

Economic activity continued to improve in July. An increase in consumer incomes was due mainly to a higher wage and salary payment total. Retail sales remained at June levels with no significant changes for either durable or nondurable goods. Construction activity picked up a little in July. New private housing starts, were at a rate of 1,160,000 units, the highest in 2½ years. The labor situation changed little between June and July, but employment gained and unemployment dropped less than the usual seasonal amounts. Industrial production rose further in July.

Commodity Highlights

Hog slaughter this fall will be about the same as the same period last year, and prices may average close to year earlier levels. Prices of fed cattle (choice grade) declined \$5.00 per 100 pounds between their high in late March and late August; market supplies may be so large as to prevent more than a small seasonal increase in prices this fall.

Milk output in the first seven months of 1958 was slightly lower than in the same period of 1957, but with excellent pasture and feed prospects, production for 1958 is likely to approximate the 1957 record.

With a larger laying flock than last year, egg production in the last half of the year is likely to be above 1957 levels, and the usual fall rise in egg prices will be dampened.

Supplies of edible fats, oils and oilseeds according to the August Crop Report are expected to set a new record in the 1958-59 marketing year about a tenth above the current year.

The supply of feed grains and other concentrates for 1958-59 is expected to exceed by 6 percent the record last year. Feed prices probably will move downward in the next few months as 1958 feed crops become available in volume.

Wheat supplies in 1958-59 are expected to exceed the previous record by almost 270 million bushels. With domestic disappearance and exports about the same as 1957-58, the carryover on July 1, 1959 may total about 1,300 million bushels.

Fresh market supplies of apples, peaches and grapes will be larger during the late summer than a year earlier.

Most fresh vegetables during early summer were in ample to heavy supply, and prices averaged significantly below the relatively high levels of last summer. Supplies are expected to continue plentiful during the next few weeks.

In early August the production of fall potatoes was estimated to be 11 percent above last year and 14 percent above the 1949-56 average.

The 1958 cotton crop was estimated on August 1 at 11.5 million running bales, up about 6 percent from last year. With disappearance tentatively estimated at 12½ million bales, a further reduction of about 1 million in the carry-over on August 1, 1959 is anticipated.

Domestic production of shorn wool in 1958 is likely to be up 2 percent from last year, and with further increases in sheep numbers this year higher wool production in 1959 is in prospect.

Marketings of the comparatively small flue-cured tobacco crop began last month, and prices through August 19 were about 5 percent above a year ago.

GENERAL ECONOMIC CONDITIONS

Most economic indicators in July continued to advance from their late spring lows, though the gains from June to July in most cases were small. Consumer income was up 7 billion dollars, reflecting in part retroactive payments and higher salaries of Federal Government employees. Retail sales remained at the levels of recent months. Civilian employment increased a little less than usual in July. Unemployment declined less than seasonally and the percentage of the civilian labor force unemployed rose from 6.8 percent in June to 7.3 percent. Construction outlays were up some, reflecting rising private residential building. Industrial production continued to recover in July. There was some increase in manufacturers' new orders in June. Inventory liquidation in June eased some from the high rates of previous months. There was little change in prices during July.

Gross National Output Up a Little in April-June

Small gains in personal consumption expenditures and Government purchases more than offset further declines in private investment so that gross national output rose to an annual rate of 429 billion dollars in April-June from 425.8 billion dollars in the first quarter. As consumer incomes improved some in the second quarter of 1958, expenditures for soft goods and services edged up, and the decline in durables apparently leveled out. Gross private domestic investment spending totaled 49 billion dollars in the second quarter, down about a half a billion from January-March and some 18 billion below a year earlier. The rate of inventory liquidation in the second quarter was 8 billion dollars down from the 9½ billion dollars in the first quarter. By the end of the second quarter there was some increase in retail stocks and wholesale inventories had stabilized, but manufacturers' continued to liquidate inventories at the high rates established earlier this year. Capital spending by businessmen, down a fifth over the year, continued to decline in April-June at a slower pace than in previous quarters. Government spending rose some in April-June as Federal purchases made a mild turnaround and State and local spending continued to rise.

Table 1.--Gross national product and disposable personal income, 1956, 1957 and 1957 and 1958, by quarters

Item	1957				1958				Percentage	
	Year	I	II	III	IV	I	II	III	change from	2nd qtr. 1957
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	to 2nd qtr.	1958
Gross national product.....	419.2	440.3	436.3	441.2	445.6	438.9	425.8	429.0	-2.8	
Personal consumption expenditures	269.4	284.4	279.8	282.5	288.3	287.2	286.2	288.3	2.1	
Durable goods	38.4	39.9	40.2	39.5	40.4	39.6	36.3	35.6	-9.9	
Nondurable goods	131.4	138.0	135.5	137.1	140.5	138.8	139.8	141.4	3.1	
Services	99.6	106.5	104.1	105.9	107.4	108.7	110.1	111.3	5.1	
Gross private domestic investment.....	68.2	65.3	65.9	67.0	66.7	61.5	49.6	49.2	-26.6	
New construction.....	35.7	36.5	36.1	36.1	36.6	37.1	36.3	34.9	-3.3	
Residential (non-farm)	17.7	17.0	17.2	16.5	16.9	17.6	17.1	16.2	-1.8	
Other	18.1	19.5	18.9	19.6	19.7	19.6	19.2	18.7	-4.6	
Producers' durable equipment	27.0	27.9	28.7	28.1	28.0	26.7	22.9	22.3	-20.6	
Change in business inventories	5.4	1.0	1.1	2.9	2.2	-2.3	-9.5	-8.0		
Net foreign investment	1.4	3.5	4.2	4.2	3.6	1.9	.5	.5		
Government purchases of goods and services	80.3	87.1	86.4	87.5	87.0	88.3	89.5	90.9	3.9	
Disposable personal income	290.5	305.1	300.0	305.7	308.7	306.8	305.0	307.5	.6	

Department of Commerce.

Consumer Incomes Up
Moderately in July

The improvement in consumer income, which started in the second quarter, continued in July. Consumer incomes after seasonal adjustment were at annual rates of 358.9 billion dollars in July, up 7 billion from June and for the first time exceeded the previous peak 352 billion dollars reached last August. Wage and salary payments rose $6\frac{1}{2}$ billion dollars from June to July and were responsible for most of the gain in income. Higher salaries and retroactive payments to Federal Government employees accounted for nearly all of the $5\frac{1}{2}$ billion dollars gain in Government wages and salaries. But, some further improvement in nonagricultural employment, and higher wages increased private wages and salaries 1 billion dollars during the month.

Retail Sales Remain
At April-June Levels

Retail sales in July, according to advanced reports, totaled 16.6 billion dollars after adjustment for seasonal influences. This is about the same as June, but nearly 3 percent below the peak rate of 17.0 billion dollars in July-August 1957. Sales at nondurable goods stores at 11.4 billion were the same as June and 2 percent above July 1957. Sales of the food group were 5 percent above July 1957. Sales of durable goods reached a low in March and have recovered a little in recent months. In July sales of durable goods were 12 percent below a year earlier. Dealer sales of new automobiles continue about a fourth below a year earlier. Furniture and appliance sales also have declined and in July were down $4\frac{1}{2}$ percent from the same month in 1957, and the lumber, building, hardware and farm equipment group was down 8 percent over the year.

Consumers reduced their installment debt in June by 127 million dollars, seasonally adjusted, about the same amount as April and May. Extensions of new credit were down about a quarter of a billion dollars from a year earlier, while repayments have stayed about the same. The largest decline in credit outstanding was for automobiles.

Construction Activity
Advances

New construction put in place in July totaled 4,036 million dollars, seasonally adjusted, up $1\frac{1}{2}$ percent from June, but 4 percent below the December 1957 peak. July was the second successive month in which outlays have increased with gains in both private and public construction. Private construction was up nearly 2 percent, reflecting mainly an increase of nearly 4 percent in non-farm residential buildings, with small changes in other types of private construction. Public construction in July rose nearly $1\frac{1}{2}$ percent from June with outlays for buildings and military facilities accounting for most of the gain. Highway construction declined a little in July.

New Housing Starts
Reach New High for Year

Construction contract awards and new housing starts are indicators of the trend of future construction put in place. Construction contract awards rose sharply in May and continued to rise in June, led by higher housing and public works contract awards. New private nonfarm housing starts, seasonally adjusted, were at an annual rate of 1,160,000 units in July, the highest since January 1956. This brings the average rate for the year to about 1,000,000 units.

Employment Situation
Unchanged

Civilian employment totaled 65.2 million in July, according to the Bureau of the Census, up less than seasonally from June and 3 percent below a year earlier. Employment in agriculture was not materially changed between June and July. Nonagricultural employment totaled 58.5 million in July, 380,000 above June but a little less than usual for this time of year; however, manufacturing employment, seasonally adjusted, increased slightly to 15.3 million, up 100,000 from the low in May, but 1.6 million below a year earlier. Most of the gains between June and July was in durable goods industries. Employment changes in nonmanufacturing establishments in July were small and generally confined to seasonal movements.

Employers expect a slight improvement in the nonfarm jobs through mid-September based upon reports to local public employment offices. A major share of the rise in jobs is expected to be seasonal, particularly in construction, trade, apparel and food processing. However, gains in several durable goods industries, including metals, electrical machinery, instruments, furniture and ordnance are anticipated by employers in addition to the usual fall pickup.

Unemployment Declines
Less Than Usual

Unemployment declined about 150,000 between June and July to 5.3 million. The changes were less than the usual seasonal amount for the month; as a result, unemployment as a percent of the civilian labor force rose to 7.3 in July from 6.8 in June. The July rate was about the same as April and May. There was a larger than usual number of June entrants into the labor force still unemployed in July, and the rates of unemployment by industry groups continued comparatively stable.

Average Hours of Factory
Workers Unchanged

The average workweek for factory workers in July was the same as June. Hourly earnings increased one cent between June and July to \$2.13 compared with \$2.07 a year earlier. Average weekly earnings reached \$83.50 in July, up 40 cents from June and \$1.11 from July 1957.

Manufacturers Sales and New Orders Rise

From May to June manufacturers' sales and new orders increased some, though both were still well below a year earlier. The rise in sales was centered in durable goods industries, particularly primary metals and fabricated metal products industries. New orders placed with manufacturers in June were 1 percent above May after seasonal adjustment. Increases in the primary metals, fabricated metals and aircraft industries accounted for most of the gain.

Industrial Production Up Moderately

The output of the Nation's factories and mines increased moderately between June and July, as the Federal Reserve Board's index of industrial production reached 133 (1947-49=100) in July, up 2 points from June and 6 percent from the low for the year in April. The index was still 8 percent below a year earlier.

Durable goods production increased again in July, but the gain was less than the 4 percent in the preceding month. The index of primary metals production reached 104, up a point from June. The output of consumer durables climbed 3 points to 114 in July as new passenger car production was maintained and television and furniture output advanced further. Machinery, fabricated metal and lumber output increased over the month.

Nondurable goods production advanced further in July, but the rise was less than in June. The largest gain occurred in textiles, apparel, rubber, leather and petroleum. There were small gains in most industries. The output of minerals picked up further as crude oil production increased and coal and metal mining changed little.

Price Level Stable in July

Prices on the average held fairly steady in July at about June levels. Prices received by farmers declined a little, but industrial prices at wholesale were a little firmer. Prices paid by farmers for family living and production items were unchanged from mid-June to mid-July, while urban consumer prices rose fractionally in June.

The index of prices received by farmers in mid-July at 254 (1910-14=100) was down a point from mid-June but prices paid for commodities and services, including interest, taxes and farm wage rates was unchanged at 305. The parity ratio declined a point to 83, which was the same as a year ago.

Prices received by farmers for livestock and products rose fractionally to 277 (1910-14=100) in July but remained below the high of 280 reached in March and May. Meat animal prices averaged a little lower than June, but were 17 percent above July 1957. Prices of hogs, beef cattle and sheep averaged

a little lower but prices for calves and lambs were a little higher. Marketings of meat animals in the 4 weeks ending in mid-July were a little lower than in the same period in the preceding year with hogs up some and beef cattle running below year earlier levels. Dairy product prices rose 2 percent during the month, due principally to a seasonal upturn in wholesale milk prices. Lower chicken and turkey prices were more than offset by higher prices of eggs so that the poultry and egg index rose about 2 percent from June to July.

Crop prices declined nearly 2 percent between mid-June and mid-July, continuing the downtrend since April. Commercial vegetable prices in July were almost 50 percent below the record level last March when supplies were sharply reduced by adverse weather and delayed spring plantings. The decline was mainly due to substantial increases in market supplies as a result of the more than usual overlap in harvesting of spring and summer crops. Fruit prices declined 9 percent from June to July with sharply lower prices for peaches and summer apples. Reflecting large supplies of new crop wheat and the lower support level, food grain prices continued the decline which began last April, falling about 4 percent from June to July. Potato and cotton prices rose during the month.

Prices paid by farmers at 282 (1910-14=100), averaged the same in June and July. Prices paid for items used in farm production averaged the same in mid-July as the preceding month. Feeder and replacement livestock prices were up 1 percent, and feed prices were up for most feeds, while the motor vehicle index declined over the month. Among the family living items higher food and clothing prices were offset by lower quotations for new automobiles and building materials.

Urban consumer prices in June, at 123.7 (1947-49=100) were up fractionally from May and were 2.9 percent higher than June 1957. Food prices were unchanged for the second successive month. Sharp declines in fresh vegetable prices were offset by advances in fresh fruits, meats--especially pork--and the cost of restaurant meals. Housing costs were unchanged but there were slight rises in the cost of transportation, reading and recreation, medical care and personal care.

Wholesale prices in July at 119.2 (1947-49=100), were the same as June. Farm product prices declined 0.6 percent from June due mainly to lower prices for meat animals, live poultry, fresh vegetables and fruits. Lower meat prices were largely responsible for the 0.7 percent drop in processed food prices. Industrial prices rose to 125.7, up 0.3 percent from June, but they were the same as a year earlier.

AGRICULTURAL EXPORTS

Agricultural exports in the fiscal year ending June 30, 1958 totaled 4 billion dollars, 15 percent less than the all-time high of 4.7 billion in 1956-57. In terms of quantity, the decline was about 13 percent. Most of the reduction stemmed from lower exports of cotton, wheat and flour, rice, and fats and oils. Exports of most of these items were between 20 and 35 percent below the record level reached last year, and rice exports were less than half the previous year's total. Exports of tobacco were only slightly lower than in 1956-57. Shipments of the 4 major feed grains combined increased 35 percent and soybean exports achieved a new high.

Table 2.--U. S. Agricultural Exports, selected commodities,
fiscal years 1956-57 and 1957-58

Commodity	Unit	1956-57	1957-58	Percentage change
		Millions	Millions	Percent
Wheat and flour	Bu.	548	401	-27
Corn	Bu.	141	182	29
Oats	Bu.	25	26	3
Barley	Bu.	57	87	51
Grain sorghums	Bu.	29	42	46
Rice, milled	Cwt.	26	12	-53
Cotton	Bale	7.3	5.7	-23
Tobacco	Lb.	501	473	-3
Soybeans	Bu.	77	88	15
Soybean oil	Lb.	926	626	-32
Cottonseed oil	Lb.	450	296	-35
Lard	Lb.	557	399	-28
Tallow	Lb.	1,359	1,096	-19
Nonfat dry milk	Lb.	605	698	15
Evaporated milk	Lb.	168	141	-16
Cheese	Lb.	174	188	8
Butter	Lb.	20	18	-10
Dried prunes and raisins	Lb.	234	184	-22
Fresh apples	Bu.	84	249	194
Fresh oranges	Bu.	753	503	-23
Dry edible beans	Cwt.	2.8	2.2	-22
Total value	Dol.	4,727	4,002	-15

Bureau of the Census.

Nearly four-fifths of the 719 million dollar decline in agricultural exports was in exports under special government export programs. The largest reduction, over \$300 million, was in exports under barter. Total exports under Public Law 480 (including barter), the Mutual Security Act, and Export-Import Bank loans amounted to 1.5 billion dollars compared with over 2 billion dollars in 1956-57. Exports for dollars, which include CCC sales for export and shipments under the International Wheat Agreement, were relatively well sustained.

Table 3.--U. S. Agricultural Exports, by means of financing,
fiscal years 1956-57 and 1957-58

Item	:	1956-57	:	1957-58 <u>1/</u>	:	Change
	:	Million	:	Million	:	Million
	:	<u>dollars</u>	:	<u>dollars</u>	:	<u>dollars</u>
Public Law 480	:		:		:	
Foreign currency sales	:	902	:	654	:	-249
Grants and Donations	:	250	:	267	:	17
Barter	:	401	:	99	:	-302
Mutual Security Act	:		:		:	
programs	:	396	:	227	:	-169
Dollar loans and Credits <u>2/</u>	:	74	:	224	:	150
Other dollar sales <u>3/</u>	:	2,704	:	2,537	:	-167
Total exports	:	4,727	:	4,008	:	-719

1/ Partly estimated.

2/ Export-Import Bank Loans and CCC credit sales.

3/ Includes that portion of CCC sales for export and sales under the International Wheat Agreement not reported under the special export programs.

Foreign Agricultural Service, Commodity Stabilization Service and Export-Import Bank.

Exports are likely to continue for the rest of 1958 at about the 1957-58 level. Compared to a year ago the gold and dollar position of most foreign industrial countries who are customers of U. S. agriculture has improved substantially. On the other hand, foreign crop production has been generally abundant.

FARM INCOME

Farmers received 16.6 billion dollars from marketings in the first 7 months of 1958, 11 percent more than last year. Prices averaged 7 percent higher and the volume of marketings was 4 percent larger. Cash receipts from livestock and products of 10.6 billion dollars were 11 percent more than in the corresponding period of 1957, mostly because of larger receipts from cattle and calves, hogs, eggs, and broilers. Crop receipts totaled 6.0 billion dollars, up 12 percent, reflecting increases in receipts from wheat, corn, citrus fruits, and potatoes.

Total cash receipts in July were about 2.7 billion dollars, up 7 percent from July 1957 because of higher prices and larger marketings. Receipts from livestock and products were 1.5 billion dollars, 6 percent above July of last year with higher prices for cattle, hogs, and eggs. Crop receipts of approximately 1.2 billion dollars were 9 percent above last year, largely because of increased receipts from the record wheat crop.

LIVESTOCK AND MEAT

Record supplies of feeds and good pastures during the past two years plus relatively high livestock prices over much of this period are leading to increases in meat animal production. For hogs and sheep the uptrend is showing up as larger pig and lamb crops for 1958. For cattle it is in the heavy volume of cattle feeding and the increase in numbers on farms that is now beginning. Prospective increases in marketings and slaughter will appear first for hogs, as a seasonal rise this fall will be followed by a higher supply level next year. Considerably lower hog prices are in view for 1959. Substantial increases in cattle slaughter, on the other hand, are farther in the future.

The 1958 calf crop is expected to be slightly smaller than the 1957 crop. But slaughter of cattle, and especially of calves, has been reduced and an increase is expected in the inventory of cattle and calves on farms next January 1. An upturn would end the recent decline in numbers after only 2 years. It seems likely that the expansion will continue in 1959 and later, but that the rate will be slower than in the last cycle. Cattle slaughter will likely show at most only a small gain during the first year or two of the current cycle and prices should be relatively strong.

Hog slaughter this fall will not average greatly different than last fall, as the 1958 spring pig crop was only 2 percent larger than the 1957 crop, while more gilts from this year's crop will be retained for breeding. Prices this fall likewise may average close to those of last fall.

Some further expansion is also taking place in sheep production. The 1958 lamb crop totaled 20,779,000 head, 4 percent larger than in 1957. The number of breeding ewes was up and lambing conditions were favorable. So far this year the slaughter rate for sheep and lambs, like that for cattle and

calves, has been below a year ago. Hence, the number on farms and ranches next January 1 will be up from last January. Lamb prices may be seasonally lower this fall but probably around the levels of last fall.

Prices of fed cattle (choice grade) had declined \$5.00 per 100 pounds by late August from their high in late March. Market supplies of fed cattle may be so large as to prevent more than a small recovery in prices this fall. However, inasmuch as cattle slaughter will remain cyclically small, prices of fed cattle during much of 1959 are expected to average fairly high.

Profits in feeding of cattle were generally favorable this past feeding season. Short-term feeding for early-spring sale, when prices were highest, returned greater profits than did long term feeding. Because prices for feeder cattle will be considerably higher this fall than last, it is almost certain that profits in feeding this coming season will be less than last season. On the other hand, the cattle cycle has not proceeded far enough for any marked price declines to be expected, and prospects appear fairly favorable for moderate profits in feeding.

Production of all meat in 1958 is expected to total about 25.9 billion pounds, 4 percent below last year. Consumption per person for the year is forecast at 150 pounds, down 9 pounds from 1957. Most of the reduction is in beef and veal.

DAIRY PRODUCTS

Milk production currently exceeds commercial use to a smaller degree than a year earlier. Production in the first seven months of 1958 was slightly lower than in the same period last year. Total commercial use was a little higher. Wholesale prices of manufactured dairy products and prices to farmers for milk continue slightly below comparable periods in 1957.

The leveling out of milk production in the first half of 1958 followed substantial increases in comparable periods of the two preceding years. Failure of output to increase was associated with adverse weather last winter and early spring and with the sharp advance in prices of meat animals over a year ago, which induced a sharper reduction in number of milk cows.

For 1958 as a whole, milk output is likely to approximate the record of 126.4 billion pounds reached in 1957 despite the 0.2 billion pound drop in January-July output. Milk-feed price relationships continue well above average, supplies of feed concentrates are large and pastures in most areas are exceptionally good for this time of year.

The further drop of 3.5 percent in number of milk cows in June from a year earlier was due partly to rising meat animal prices. The higher prices for meat animals had the effect also of raising dairymen's income for the dairy enterprise as a whole.

The total number of milk cows has decreased each year since 1944 except for 1953. The number in June 1958 was 23 percent below the mid-1944 level. The drop in numbers in the past 14 years has not prevented total milk flow from reaching new highs--output per cow has been setting successive records. It appears that future increases in output per cow will be enough at least to offset further decreases in milk cow numbers. In fact, the rate per cow may increase more rapidly in the future than in the past two decades. Also, the rate of decline in milk cow numbers in the longer run probably will be less pronounced than in first half of 1958, because of prospects for increased production of meat and lower prices for meat animals.

Total use of fluid milk and cream continues a little above last year but shows less increase than population. With no change in farm output of milk, production of manufactured products has totaled a little under a year earlier.

Consumption of American cheese is running substantially above 1957, presumably reflecting higher retail prices for red meats. Butter and ice cream continue around year-earlier levels, but evaporated milk use is down considerably. Retail prices for all items except butter are above a year earlier, but all except evaporated milk have declined from the first quarter of the year.

Purchases of butter and American cheese for price support, combined in terms of milk equivalent fat solids basis, were about one-third below a year earlier in the first 4 months of this marketing year. Purchases of nonfat dry milk, however, are running above 1957. All items are declining seasonally.

POULTRY AND EGGS

The Nation's laying flock is now about one percent larger than a year earlier. It will become progressively larger in the next six months compared to last year. By January 1, 1959 there will probably be at least 5 percent more layers on farms than at the beginning of this year. It also will contain more pullets and therefore the rate of lay is expected to be higher.

Egg production in July was 3 percent above July 1957. Further year-to-year increases are expected in coming months and as a result, the usual seasonal advance in egg prices will be dampened. During the last 3 months of the year, prices will probably be lower than a year earlier.

Broiler marketings passed their seasonal peak in early August but are still over 20 percent greater than in 1957. Despite relatively high red meat prices, prices received for broilers on July 15 had dropped to 19.4 cents per pound, 2 cents, or 9 percent, below the July 1957 price. Since mid-July prices have declined further. Placements and settings, though still high, are slowly

drifting toward last year's levels. But little or no lasting price increase is likely in the next three months because these large supplies will be coming to market at a time when demand is normally at its lowest level of the year.

Turkey storage stocks have been reduced rapidly. The 79 million pounds on hand August 1 were 12 percent below a year earlier, but still 50 percent above the average of the preceding 5 years. These stocks may limit price recovery, despite a prospective cutback in the 1958 output. However, turkey purchases for the school lunch program began on July 31 and by mid-August 5.5 million pounds had been contracted for. In mid-July turkey prices averaged 24.6 cents per pound compared to 21.8 a year earlier.

OILSEEDS, FATS AND OILS

Supplies of edible fats, oils and oilseeds will set a new record in the 1958-59 marketing year beginning October 1, 1958, according to August 1 indications. They are expected to exceed the current year's 11.7 billion pounds (oil equivalent) by about 10 percent. Beginning stocks of food fats (including the oil equivalent of soybean stocks) are likely to be up 20 percent from the previous year's level. Output of lard is expected to increase around 200 million pounds and cottonseed oil about 75 million pounds. Soybean supplies are expected to increase by 66 million bushels--about 10 million due to larger carryover stocks and 56 million larger 1958 output. This is equivalent to about 700 million pounds of soybean oil.

Domestic disappearances of food fats per person probably will continue at about the 1957-58 rate. With the population increasing, total use will be up. This indicates that the supplies of food fats available for export in 1958-59 will be substantially greater than the 2.6 billion pounds estimated for the year just ending. While it is too early to estimate the 1958-59 season exports, sales for dollars plus exports under Public Law 480 are expected to result in a heavy outward movement. However, competition in world markets is likely to continue keen as exportable supplies in several foreign countries probably will continue large.

U. S. supplies of soybeans during 1958-59 are estimated at a record 556 million bushels, about 66 million more than a year earlier. Based on August 1 indications, the 1958 soybean crop is placed at 536 million bushels, 56 million above last year's peak. Farm prices during most of the 1958 harvesting season probably will average near the national support level of \$2.09 per bushel, which is the same as the 1957 level. Although total demand for beans likely will rise to a new peak in 1958-59, end-of-year carryover stocks probably will be at a record level.

If the ratio of lint to cottonseed yield is the same as the average for the past 5 years, production of cottonseed as estimated August 1 would total 4,792,000 tons, 4 percent more than in 1957. Cotton acreage in cultivation is

down sharply this year because of heavier participation in the Soil Bank but cotton yield per acre is record high. Farm prices for cottonseed are likely to average slightly less than the \$51 per ton received for the 1957 crop, which was in short supply and of poor quality.

Production of peanuts is forecast at 1,657 million pounds, about 15 percent more than in 1957. Prospective supplies are well above domestic needs for food and farm uses and CCC probably will acquire a substantial portion of the crop. Farm prices are likely to again average near the support program loan level, which is slightly lower than a year earlier.

Flaxseed output in 1958 is forecast at 36.7 million bushels, 42 percent greater than last year's short crop, but 11 percent smaller than the 1947-56 average. A crop this size would be at least 20 percent more than probable commercial use and CCC likely will acquire the excess. Current prospects indicate that farm prices for 1958 crop flaxseed probably will average near the support price of \$2.78 per bushel, which is 14 cents below the 1957 level. In 1957 the season average farm price was 2 cents per bushel above the support price.

Lard output in the marketing year beginning October 1, 1958 is expected to total around 2,650 million pounds compared with 2,450 million estimated for the year just ending. The increase would reflect a rise in hog slaughter and lard yields per hog killed slightly above the year earlier level.

Inedible tallow and grease production is expected to remain large in 1958-59 and may increase slightly over the 2,750 million pounds estimated for the current marketing year. More grease will be produced in 1958-59 because of the expected 7 percent increase in hog slaughter. Tallow output probably will remain at about the same level since cattle slaughter is expected to be maintained at the 1957-58 rate.

FEED

The total supply of feed grains and other concentrates for 1958-59 is now estimated at 232 million tons, 6 percent above the 1957-58 record. The 1958 production of the four feed grains was estimated in early August at 144 million tons, 2 million more than the record of 1957. Stocks carried over into 1958-59 are expected to total about 61 million tons, up about 12 million tons.

Weather continued generally favorable for feed crops through early August. The 1958 corn crop was estimated on August 1 at 3,487 million bushels, 84 million more than in 1957 and second only to 1948. This plus a prospective carryover of 1,525 million bushels would give a total supply of 5,012 million bushels, 4 percent above 1957-58. This continues the upward trend of the past 7 years. The sorghum grain crop of 496 million bushels is second only to last year's record crop of 562 million bushels. Including the prospective 300 million bushel carryover, the sorghum grain supply would be about 24 percent above the record last year. Big supplies of oats and barley also are on hand, around 8 to 10 percent larger than in 1957-58.

Prices of a number of feeds turned downward in late July and early August after rising steadily during the first half of 1958. Feed prices probably will trend down over the next few months as the 1958 feed crops become available in volume. The index of prices received by farmers for feed grains rose 20 percent from January to June, then declined slightly in July. Wholesale prices of high-protein feeds rose about 27 percent from January to July, but have declined some from this high level in the first half of August. The strong demand for commercially prepared livestock and poultry feeds and declining "free" stocks of feed grains, with comparatively small domestic sales of CCC grain, have contributed to rising feed prices. In July feed grain prices averaged 3 percent lower than a year earlier, while high-protein feeds were 23 percent higher.

Livestock-feed price ratios continue generally favorable for expanding livestock production, especially for hogs. Increasing livestock production is expected to increase domestic consumption of feed grains in 1958-59. Exports probably will continue at the high level of the past 3 years. But the big 1958 crop is expected to more than take care of 1958-59 requirements resulting in a further increase in feed grain carryover at the close of the 1958-59 season.

WHEAT

Total wheat supplies for the marketing year which began July 1, 1958 are estimated at 2,312 million bushels. They exceed the previous peak in 1956-57 by 267 million bushels or by 13 percent and 1957-58 by 24 percent. A 50 percent increase in the 1958 crop much more than offsets a slightly smaller carryover.

Supplies this year consist of the carryover July 1, 1958 of 881 million bushels, the crop estimated as of August 1 at 1,421 million, and an allowance for imports of about 10 million bushels, mostly of feeding quality wheat.

Domestic disappearance in 1958-59 is estimated at about 610 million bushels, slightly above 1957-58. This would leave about 1,700 million bushels for export during the marketing year and carryover next July 1. Assuming exports of about 400 million bushels, as now seems probable, the carryover July 1, 1959 would total about 1,300 million bushels, about 420 million more than a year earlier. Such an increase would be almost 2-3/4 times the 155 million-bushel reduction between 1955 and 1958, and result in the largest carryover in our history.

Of the total carryover of 881 million bushels on July 1, 1958, the Commodity Credit Corporation owned 828 million bushels--about the same as a year earlier. With about 10.3 million bushels of the 1957 crop resealed, 12.7 million still outstanding under the 1957-crop price support program, and 2.2 million of 1956-crop wheat under extended reseal, 27.3 million bushels of old-crop wheat were in "free" supply on July 1. Last year the "free" supply amounted to about 53 million bushels.

As a result of the large crop of hard red winter wheat and the extent of noncompliance with acreage allotments, there probably are sufficient "free" supplies of this class of wheat to take care of domestic requirements and exports. However, sales have been small thus far this season. Wheat that is ineligible for support undoubtedly has been held back in expectation that the market price will rise. The course of the market will depend on when the ineligible wheat is marketed. As a result of relatively weak hard winter wheat prices, the U. S. average price to farmers in 1958-59 may be lower than usual relative to the support level. The movement to market of soft red wheat also has been small. This could be largely accounted for by the delayed harvest because of wet weather.

RICE

The supply of rice for the 1957-58 marketing year totaled 63.5 million hundredweight, in rough rice equivalent, substantially below the 84.6 million hundredweight the previous year. The supply consisted of an August 1, 1957 carryover of 20.1 million cwt., a crop of 43.2 million and imports of 0.2 million. Domestic disappearance is estimated at 26.6 million cwt. Exports may total about 18 million cwt., rough rice equivalent, less than half of the record exports of 1956-57 and well below the average of recent years. Carryover stocks on August 1, 1958, on the basis of estimated disappearance, are indicated at about 19.5 million cwt. The official estimate of carryover stocks is scheduled for release on October 30.

The 1958 crop was estimated as of August 1 at 48.0 million cwt., compared with 43.2 million a year ago and the 1952-56 average of 54.2 million. With likely imports of 0.2 million, the total supply for 1958-59 would be about 67.7 million cwt., compared with 63.5 million a year earlier and the 1952-56 average of 68.5 million.

A national average support price of \$4.48 per cwt. for 1958-crop rice was announced on August 6. This is 75 percent of the August 1958 rice parity price of \$5.98 per cwt. The support price is 15 cents per cwt. above the advance "minimum" 1958-crop support price announced November 20, 1957. The increase resulted from a higher rice parity price than was in effect last fall when the advance "minimum" price was determined.

FRUIT

Supplies of fresh market deciduous fruits are expected to be generally larger during late summer than a year earlier. But those of fresh citrus fruits will be smaller. Although consumer demand for fruit continues good, grower prices for some deciduous fruits of which supplies are large have dropped below a year ago while prices for those in lighter supply generally are above a year ago. Prices for fresh citrus fruits continue generally higher than last summer. With carryover stocks of most canned deciduous fruits smaller than a year ago, grower prices for fruit for processing generally are higher than in 1957.

Growing conditions for the deciduous fruit crops were generally favorable during July and early August. As of August 1, prospects were that production

in 1958 would total about 3 percent larger than in 1957. Increases in peaches, apples and grapes more than offset reductions in other fruits. Supplies of these three fruits, especially apples and grapes, will be seasonally large during late summer.

Production of tree nuts is expected to be 11 percent larger than in 1957 with heavy increases in walnuts and pecans more than offsetting large decreases in almonds and filberts.

Supplies of all fresh citrus fruits will continue lighter than usual until fruit from the new crops becomes available in the fall. Moreover, supplies of all canned single-strength citrus juices and frozen orange concentrate will continue much smaller and priced higher than last summer. With continued heavy movement of these juices, carryover stocks of processors next fall will be somewhat smaller than in the fall of 1957. Growing conditions for the 1958-59 citrus crops were generally favorable during July and early August. The condition of the new orange crop in California on August 1 was better than last year, when dry weather impaired development of the crop.

Current indications are that the 1958 pack of canned fruits will not be greatly different from the large 1957 pack. Increased packs of peaches, apples and applesauce, but decreased packs of apricots, cherries and pears are expected. With a heavy reduction in dried prunes, total production of dried fruits probably will be somewhat smaller than in 1957. Processing of frozen strawberries is continuing in California and the 1958 pack will be again large. But with a sharp reduction in frozen cherries, the total pack of frozen deciduous fruits is expected to be somewhat smaller than in 1957.

COMMERCIAL VEGETABLES

For Fresh Market

During early summer most fresh market vegetables were in steady, ample to heavy supply and prices averaged significantly below the relatively high levels of the corresponding weeks of 1957. Indications are that vegetables will continue in plentiful supply during the next few weeks.

Production of late summer vegetables, excluding melons, is expected to be slightly smaller this year than last. Indicated production is substantially larger for cabbage and sweet corn, and slightly to moderately larger for green peppers and tomatoes. Prospective tonnages are materially smaller for celery and onions, and moderately smaller for cucumbers. Lima beans are likely to be in larger supply during the next few weeks than a year earlier, but supply of cauliflower is expected to be smaller.

During the next few weeks many fresh vegetables will continue to be available locally and supplies will be at or near the seasonal peak. Prices received by growers during late summer are likely to average at least moderately below those of the year earlier, when hot dry weather along the Atlantic Coast retarded growth and curtailed supplies of some vegetables.

Reports point to continued large supplies of, and relatively low prices for watermelons. Cantaloups are also expected to be in plentiful supply during the next few weeks.

For Commercial Processing

Because of a substantially larger tonnage of tomatoes for processing aggregate production of six important vegetables for commercial processing--snap beans, cabbage for kraut, sweet corn, green peas, winter and spring spinach, and tomatoes--is expected to be 13 percent larger this year than last. These six typically make up 85-90 percent of the total tonnage of the 10 processing crops for which the Department of Agriculture makes official production estimates. Excluding tomatoes, however, aggregate production of the other five items promises to be about 6 percent smaller than last year.

Carryover stocks of canned and frozen vegetables were smaller than a year earlier. If production is near indicated levels, total supplies of canned vegetables in the 1958-59 season may be a little larger than last season. Supplies of canned peas and corn are expected to be moderately below the large supplies of last season. But supplies of snap beans are likely to be a little larger than a year earlier, and tomatoes and most tomato products materially larger. Total supplies of frozen vegetables are likely to be moderately smaller.

POTATOES AND SWEETPOTATOES

Production of late summer potatoes is estimated at 35.8 million hundredweight, 11 percent more than last year and 8 percent above the 1949-56 average. For the week ended August 9, f.o.b. Yakima Valley, Washington shipping point prices of U. S. No. 1 Russetts, washed, averaged \$1.88 per hundredweight compared with \$2.62 a year earlier.

Early August estimates indicate that production of potatoes for fall harvest is likely to be 11 percent larger than last year and 14 percent above the 1949-56 average.

The 1958 sweetpotato crop promises to be slightly smaller than last year and a tenth below the 1949-56 average. Prices received by growers are expected to decline seasonally from current early-season levels into the fall and then advance into the winter and spring. Prices for the 1958-59 season are likely to average about the same as last season.

COTTON

A total supply of about 20.3 million running bales of cotton is indicated for the 1958-59 season. This is 2.0 million below the 1957-58 season and the smallest since 1952-53. The carryover on August 1, 1958 was about 8.7 million bales compared with 11.3 million a year earlier. The August 1 estimate indicates a 1958 crop of about 11.5 million running bales (11.6 million 500-pound bales) compared with about 10.9 million last year, representing an increase of 6 percent. The 1958-59 supply also includes an estimate of imports of about 0.1 million bales.

A further reduction in carryover stocks is expected to occur in the current season. Disappearance during the 1958-59 marketing year is tentatively estimated at around 12.6 million bales compared with about 13.6 million a year earlier. This assumes around a 1 million bale decline in exports. If the supply and disappearance turn out as indicated above, the carryover next August 1 would be about 1 million bales lower than on August 1, 1958.

On August 8, the Department of Agriculture announced that the final 1958 loan rate for Middling 7/8 inch cotton at average location is 31.23 cents per pound. This compares with 28.81 cents per pound last season and the minimum level set on February 7 of 30.75 cents. The higher final rate reflects a 0.59 cent rise in the parity price in effect between February and August, the applicable percent of parity remaining at 81 percent.

The 1958 average loan rate for Middling 1-inch cotton at the 14 spot markets is 35.35 cents per pound, 2.79 cents above that for the 1957 crop. From August 1 through August 15, market prices for this quality at these markets averaged 34.85 cents per pound. A year earlier, they averaged 33.76 cents.

Prices received by farmers rose to 30.77 cents per pound in July which was equal to 80 percent of parity. The mid-July price compares with 29.09 cents per pound in June and 32.29 cents a year earlier.

July sales of cotton by farmers were largely from redeemed loans with only limited marketings of the new crop in South Texas. New crop quality was reported to be good and prices received by farmers were well above those for end-of-season marketings of the old crop. Farm prices in most States showed little change from mid-June but averaged higher in Texas and California, which provided a higher proportion of sales than a month earlier.

WOOL

At mid-August, Boston quotations for domestic wools ranged from 18 to 36 percent or from 17.5 to 67.5 cents per pound, clean basis, below a year earlier. Quotations for most descriptions were about the same as or slightly higher than in early April.

Prices received by domestic growers for shorn wool during the first 4 months of the current marketing season averaged between 36.3 and 37.7 cents per pound, grease basis. They averaged between 14.9 and 19.8 cents lower than a year earlier and between 16.0 and 17.4 cents below the average of 53.7 cents for the entire 1957 season. Unless world demand strengthens considerably in the next few months, the 1958 season average is likely to be down sharply from last season and may be the lowest since the incentive program went into effect. The average total return per pound to growers for wool sold would, of course, be the same as last season since the incentive level is unchanged at 62 cents.

Because of the decline in prices, payments to be made next year on 1958 marketings are expected to be considerably higher than for 1957 marketings and may be the largest under the National Wool Act of 1954. Also, marketings may be

considerably larger than for each of the first 3 years because of the substantial quantity of 1957 clip wool carried over into the current season. The delayed sales were due to the weak demand and low prices during the late months of 1957 season, and to the expectation of some growers that the payment rate for 1958 would be higher and the total return per pound for their 1957 wool would be larger if sold during the 1958 marketing year.

The payment rates for shorn wool and unshorn lambs marketed last season are much lower than those for 1956, since the 1957 average price for shorn wool, 53.7 cents, was 9.4 cents higher than that for 1956. Shorn wool payments to individual producers for the 1957 marketing year amounted to 15.5 percent of their dollar returns from the sale of shorn wool. The rate for the 1956 marketing year was 40 percent. The 1957 payment rate on sales of unshorn lambs is 33 cents per hundredweight of live animal sold compared with 71 cents for the 1956 marketing year. Due to lower payment rates and smaller marketings, payments now being made on 1957 marketings are expected to total only about one-third those for each of the first 2 years of the payments program.

The 1957-58 world wool clip is now estimated at 4,900 million pounds, grease basis, about 2 percent smaller than that of 1956-57. The drop, the first after 9 successive increases, was concentrated in merino wool. This largely reflected drought conditions in Australia and the Union of South Africa. Production of crossbred wool continued to increase. An increase in the world clip of about 20 million pounds, a little less than 0.5 percent, has been forecast for 1958-59. The Australian clip is expected to be down again due to the drought last year and early this year.

Domestic production of shorn wool this year is estimated at 240 million pounds, grease basis, up 2 percent from last year. The increase reflects the flock expansion last year associated with improved range and pasture conditions, favorable prices, and the incentive payments. With the payments program and continued generally favorable feed conditions and lamb prices, some further increase in sheep numbers this year, and, hence, in shorn wool production next year is a likely prospect.

Domestic mill use of apparel wool this year is down for the second year in a row. The quantity consumed during January-June was 26 percent below last year. The lower rate of mill use largely reflects the general recession in textiles which started during 1956. Increased competition from manmade fiber and the long-term trend toward lighter-weight clothing also contributed.

After an advance of almost 2 years, the seasonally adjusted rate of mill use of apparel wool began to decline in mid-1956. It appears to have "bottomed-out" at about the turn of the year. Since then it has moved slowly upward.

TOBACCO

Marketings of this year's comparatively small crop of flue-cured have been under way in the southernmost producing area since late July. In the Georgia-Florida Belt (type 14), marketings are nearly finished. Through August 19, 132 1/2 million pounds were sold at an average 57.3 cents per



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pound, 2 percent above a year earlier. The season average is likely to be a record high. In the South Carolina-border North Carolina Belt (type 13), where auctions opened August 5, about 88 million pounds had sold at an average 60.8 cents per pound through August 19. This price average was 11 percent above the comparable figure of a year ago. Auctions in the Eastern North Carolina Belt (type 12) began August 21 and in the other Belts, will start in September.

As of August 1, the flue-cured crop was indicated to be 8 percent larger than last year's crop, which was the smallest since 1943. This year's crop plus the carryover, which is down 8 percent from last year's record high, will provide a total supply for 1958-59 about 4 percent lower than for 1957-58.

Flue-cured is the leading domestic cigarette tobacco and also exported in large volume. In the year ended June 30, domestic use of flue-cured turned upward for the first time in several years. It gained 4 percent over a year earlier but was still 5 percent below 5 years ago. The July 1957-June 1958 exports of flue-cured totaled 442 million pounds (farm-sales weight)--5 percent less than a year earlier but slightly above the recent 10 year average.

The 1958 burley crop as of August 1 was indicated to be $1\frac{1}{2}$ percent less than last year's harvestings. Indicated production on August 1 of fire-cured and Connecticut Valley binder is sharply lower than last year and the cigar wrapper crop is moderately lower than last year's record. The August 1 indication for Wisconsin binder is for a slightly larger crop than last year's and cigar filler production is indicated to be well above last year.

In the fiscal year ended June 30, cigarette output totaled 449 billion--up $3\frac{1}{2}$ percent over a year earlier. Cigar output in domestic factories totaled almost 6 billion--up 3 percent over a year earlier. The July 1957-June 1958 output of smoking tobacco was 75 million pounds, 9 percent above the longtime low of 1956-57; but output of chewing tobacco and snuff at 70 and 35 million pounds, respectively, were 4 and 5 percent below a year earlier.

In the recent fiscal year, exports of all types of tobacco combined totaled 530 million pounds (farm-sales weight)--5 percent lower than a year earlier but nearly the same as the recent 10 year average. The sharpest relative declines occurred in burley and One Sucker exports--down about a fourth and a half, respectively, from their 1956-57 levels.